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News Release

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Former Community National Bank officer pleads guilty to conspiracy to commit bank fraud

The former executive vice president of Community National Bank, located in North Branch, pleaded guilty today in federal court to fraud charges in connection to the financing of Ramsey Town Center, a 320-acre, mixed-use development in Ramsey, Minnesota. Curtis Alan Martinson, 53, Eden Prairie, pleaded guilty to one count of conspiracy to commit bank fraud. Martinson entered his plea in St. Paul before U.S. District Court Judge Patrick Schiltz. Martinson was indicted on April 21, 2009.

In the plea agreement, Martinson admitted conspiring with William Sandison, president of Community National Bank, and others to commit bank fraud by executing a scheme to bilk financial institutions out of money. To further their scheme, starting in 2003, they caused Community National Bank to solicit other banks to join in financing the Ramsey Town Center. Twenty banks agreed to do so.

Community National Bank, which contributed \$1.5 million to the project, then loaned Ramsey Town Center \$35 million in development funds, with an option for another \$15 million. The money was to be repaid as the development land was sold. Community National Bank assumed responsibility for administering the loan on behalf of the participating banks.

In the plea agreement, Martinson admitted he knew that Sandison subsequently arranged for a \$990,000 loan as well as a loan totaling \$6 million from the town center development funds without notifying the other banks of his actions. In support of the scheme, Martinson later sent a misleading letter to the participating banks concerning repayment of the \$6 million loan.

In August 2009, William Sandison, 65, Forest Lake, and his son, Ross Sandison, 42, Grant, a former bank vice president, each pleaded guilty to one count of conspiracy. The defendants in this case, including Martinson, face potential maximum penalties of five years in prison for their crimes. Judge Schiltz will determine the actual sentences at hearings not yet scheduled.

This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division and the U.S. Postal Inspection Service. It is being prosecuted by Assistant U.S. Attorney Ann M. Anaya.